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Eric P. Newman

"Numismatic knowledge is exciting."

EARLY AMERICAN MONEY

by Eric P. Newman

Early settlements in the English Colonies of America were not supplied with coinage for governmental use because England wanted the balance of trade to favor the mother country and desired the colonies to be self-supporting. In the 17th and early 18th centuries the use of barter (exchange commodities) for small transactions and the use of wampum (beads) in trading with the Indians were sufficient for economic development in coordination with an extensive use of credit on merchants' books. The colonists kept their account books in pounds, shillings and pence like the mother country, but soon the colonial exchange began to sink in value compared to the English sterling, so that the pound of one colony would differ in value from that of another colony as well as from the English pound.

The first coinage made for an American area was an issue of brass pieces about 1616 for Bermuda (Sommer Islands). Because Bermuda was accidentally overrun with hogs the chief design on this English-made coinage was a hog. This money had little intrinsic (metal) value, but had denominations of one shilling and less.

After Cromwell overthrew King Charles I in 1649 and continued in power, the Massachusetts Bay Colony authorized an issue of silver coins in 1652 containing 22% less silver than the equivalent coin in England. The lighter weight was to keep the coins from being exported to England, but it also reduced the value at which they circulated. The shilling (12 pence), 6 pence and 3 pence were coined by John Hull in Boston.

At first the coins had only their denomination on one side and NE (New England) on the other. Subsequent issues contained the legend MASATHUSETS IN NEW ENGLAND surrounding a tree. The tree was first a willow, later an oak, and finally a pine so that they were generally referred to as Pine Tree money. These coins were all dated 1652 during the 30 years of their mintage. The 1652 date was retained apparently because it was the date of the original law that authorized the coinage. These pieces circulated for almost 200 years. A twopence was first minted in 1662 and bore that date.

Lord Baltimore, the Proprietor of the Maryland colony, had a series of silver coins bearing his portrait struck in England in 1658 in denominations of one shilling (12 pence), 6 pence and 4 pence (groat). There was also a penny struck in copper, as well as patterns. The silver circulated for many years.

The first authorized governmental paper money of Western civilization was issued in 1690 in Massachusetts Bay. The Chinese many centuries before had issued paper money, which Marco Polo first saw in the 13th century. (A Swedish bank issued notes in 1661, but these were not governmental.) One by one each of the other American colonies issued its own paper money, often lending it out to settlers on land security and sometimes spending it for government and military expenses.

Virginia preferred the use of tobacco and tobacco receipts for money until 1755. Some colonial paper money issues were printed by Benjamin Franklin and others by Paul Revere. Some were printed from type with ornaments, while other issues were from engraved plates, but virtually all of it was produced in America. Despite English permission being required for its issuance, and despite severe restrictions, there were over 500 different issues. The paper money was to be redeemed out of tax receipts, but too much was issued and a depreciation in value occurred between 1740 and 1750 in most colonies.

The penalty for counterfeiting was death, but that did not stop extensive frauds against the currency. Each piece was hand numbered and signed. Denominations ranged from 1 penny to 100 pounds; the rag paper on which they



An Oak Tree threepence of Massachusetts. Despite the coin's date, it was struck between 1660 and 1667.



A Maryland penny, or denarium, bearing Lord Baltimore's portrait.



St. Patrick coinage was brought to America from Dublin by Mark Newby. New Jersey authorized its use.

were printed was strong, but notes often had to be patched by pasting, sewing and pinning.

The small change available for use in the American colonies consisted chiefly of English halfpence. The acceptance of these pieces, primarily in the northern and middle colonies, was not as halfpence but as coppers at 12 to 18 to the colony's shilling. In 1681 an Englishman, Mark Newby, brought to America some Irish halfpence that bore the image of St. Patrick and had them authorized for use as money in New Jersey, where he settled. In 1688 a $\frac{1}{24}$ real (intended as a farthing) was struck in England under King James II for the "plantations" in America in order to find a use for the tin mined in England. The circulation was very limited.

From 1722 to 1724 the right to coin small money for America and Ireland was granted by King George I to William Wood, with profits to be retained by the coiner. Under this franchise, Wood coined tons of 2 pence, pence and $\frac{1}{2}$ pence in London made of a copper-zinc alloy he called "Bath" metal, and bearing the legend ROSA AMERICANA. In New England they were rejected as a fraud because they were not of pure copper. In 1737-39 John Higley of Connecticut privately coined pieces made from locally mined copper, some bearing the denomination 3 pence and others the legend VALUE ME AS YOU PLEASE.

European and Spanish-American gold and silver coins were obtained by the Americans from their trade with the West Indies and with the Spanish and Portuguese colonies in the Americas. These coins circulated widely and were usually sent to England in payment for manufactured goods. Queen Anne, by a proclamation in 1704 and a law of 1709, endeavored to stop the depreciation of American exchanges by fixing the maximum value that could be paid for European and Spanish American coins. This rate was known as proclamation money and set the Spanish dollar (8 reales) as worth a maximum of 6 Colonial shillings.

The Virginia colony had sought the right to issue small change coins for over 100 years and finally succeeded in 1773 when the Crown allowed an issue of copper halfpence with the head of King George III on one side and the Virginia coat-of-arms on the other. By the time the coinage was struck in England and sent to America copper had depreciated in value, and when the official arrangements were almost concluded the Revolution had already begun and copper was needed for war purposes. Some of the pieces did circulate, but most were never taken out of their original kegs, except to be melted. This was the only royal coinage specifically struck for an American colony.

The paper money was reasonably well controlled by the colonies that produced it until the American Revolution forced the issuance of additional quantities for the cause of independence. The Continental Congress, representing all of the revolting colonies, issued paper money to finance its activities and expected each of the colonies to redeem its share with taxes. Known as Continental Currency, this was guided in its development and design by Benjamin Franklin. The primary reasons for its acceptability for circulation were patriotism and requirement by law. The fractional denominations ranged from $\frac{1}{6}$ to $\frac{2}{3}$; the integral denominations from \$1 to \$80, including such unusual denominations as \$6, \$7, \$8, \$35, \$55, etc.



William Wood's Rosa Americana coin. Made of a copper-zinc alloy, it was rejected in the colonies because it was not made from pure copper.



Higley's VALUE ME AS YOU PLEASE copper, with I AM GOOD COPPER on the reverse.

The British forces, feeling they could bring about a collapse of the rebellion sooner by disabling the Continental Currency, assisted counterfeiters. The entire value of Continental Congress money as well as State (Colony) money collapsed by 1779 due to the circulation of excessive quantities and to counterfeiting. This gave rise to the expression "Not worth a Continental."

There appears to have been an attempt on behalf of the Continental Congress to issue Silver dollars in 1776 to stabilize the Continental paper currency; examples of such issues were coined in tin and a few in brass and silver. They contain the rebus "Time Flies so Mind Your Business," attributed to Benjamin Franklin. Abandonment of the project probably resulted from the inability to get silver for the coinage.

Following the 1783 treaty recognizing American independence, efforts were made by the Continental Congress, the States and private persons to establish coinage for American use. Benjamin Dudley in 1783 had silver patterns prepared for coinage following Gouverneur Morris' idea of 1440 mills to the Spanish-American dollar, with the largest coin to be 1000 mills, or one mark. Jefferson opposed this as impractical and wanted the American coinage to be decimal using the Spanish-American dollar as a base for 100 cents. Specie coinage (gold and silver) was not agreed upon until 1791, when Alexander Hamilton refined Jefferson's theory. However, an unknown private merchant unofficially arranged for copper pieces about the size of English halfpence to be minted in England in 1785 bearing the motto NOVA CONSTELLATIO (a new constellation). These circulated freely without any denomination, primarily in New York.

The states of Vermont, Connecticut, New Jersey and Massachusetts each authorized copper coinage and enormous quantities were minted in those states from 1785 through 1789. New Jersey on its pieces used the motto E PLURIBUS UNUM ("from many, one"); the name of the state is rendered as Nova Caesarea.

The Federal government in 1787 contracted with James Jarvis to coin cents in copper. Although some coins were delivered to the government, many were put into circulation privately. One side of this coin has the word FUGIO ("time flies") on it, hence its name: the Fugio cent.

Private copper tokens joined the other coppers during this period, particularly imitations of English halfpence made at Machin's Mill (Newburgh, N.Y.) and elsewhere, because coppers circulated at about double their intrinsic value. The entire copper circulation in America was such a glut on the market in 1789 that its acceptability as a circulating medium temporarily ceased.

A gold doubloon for New York was struck by Ephraim Brasher in 1787, apparently from dies he hoped he could use for copper coinage, but he was not successful in obtaining a franchise from the state for minting coppers.

Paper money began being issued again in 1781, this time by the individual states; these issues were redeemed in most instances. This type of currency was made unlawful under the Constitution of the United States in 1789. Federal coinage began in 1793 at the Philadelphia Mint.



A Virginia halfpenny.



Nova Constellatio coppers circulated freely without any denomination.



A New Jersey "Nova Caesarea" copper.

Creditors have better memories than debtors.
Benjamin Franklin

TEST

SECTION III: EARLY UNITED STATES COINAGE

MULTIPLE CHOICE: Circle the letter preceding the **best** answer.

1. The date kept on all Pine Tree shillings was:

- A. 1630.
- B. 1787.
- C. 1652.
- D. 1620.

2. An R-8 token is:

- A. very common.
- B. common.
- C. scarce.
- D. rare.

3. Which coin was the first to be authorized by the United States government?

- A. Silver cent.
- B. Chain cent.
- C. Fugio cent.
- D. Classic Head cent.

4. According to the mercantile theory, the ultimate source of a nation's wealth was:

- A. divine favor as expressed in fertility of land.
- B. labor.
- C. land ownership.
- D. the amount of gold and silver physically held within a nation's boundaries.

5. The Somers Island shilling of 1616 depicted as its main device a:

- A. star.
- B. hog.
- C. tree.
- D. beads.

6. Seigniorage is:

- A. the fees paid to artists for the use of their designs on coins.
- B. the fees paid to the Mint by private citizens for services rendered.
- C. the collective term applied to the total production of the Mint's operation.
- D. the difference between the face value of coins produced at the Mint and the cost of producing the coins.

7. The Constitution's framers outlawed paper money because:

- A. it quickly became tattered, allowing easy counterfeiting.
- B. storekeepers preferred Spanish dollars, the universal trade coin.
- C. some states had inflated their paper money to where it was virtually worthless.
- D. it tended to be accepted only at a discount, if at all.

8. The Philadelphia Mint did not produce any cents in 1815 because:

- A. there was a labor shortage due to the War of 1812.
- B. there were no planchets with which to make cents.

- C. Congress cut the appropriations for the Mint.
- D. the economy was overstocked with cents.

9. The most common colonial copper found at shows is the:

- A. New Jersey copper.
- B. New Hampshire copper.
- C. Connecticut copper.
- D. New York copper.

10. The Classic Head large cents are not often seen in the high grades of condition because:

- A. the total mintage of these pieces was relatively lower than it was for the other cent designs.
- B. the copper used in these coins was soft.
- C. the design was subject to excessive wear while it was in circulation.
- D. John Reich was angry because of his poor treatment at the Mint and produced inferior dies.

TRUE OR FALSE: Circle "T" for true or "F" for false.

11. "Fiat money" means that the coin or note so designated is not backed by gold or silver.

T F

12. It was the French who first used counterfeit paper money as economic warfare.

T F

13. The Pole to Cap design, which was introduced on the half cent and large cent in 1793, was replaced three years later by the Draped Bust motif because the press demanded it.

T F

14. The intrinsic value of money means the value placed on the money by the issuing government.

T F

15. The easiest way to collect patriotics is by dies.

T F

16. New Jersey, in its colonial copper coins, first used the motto "E Pluribus Unum" (from many, one).

T F

17. Dr. Lewis Feuchtwanger joined forces with Joseph Wharton in an effort to convince Congress to authorize the use of nickel in U.S. coinage.

T F

18. The pounds, shillings and pence used in colonial America were always the same as in England.

T F

19. If an off-metal Civil War token has a reeded edge, it should be checked to see if it was struck over a U.S. dime.

T F

20. It was Alexander Hamilton who implemented our decimal money. However, it was Thomas Jefferson who suggested the system, based upon the writings of Gouverneur Morris.

T F